

TEACHERS' RETIREMENT BOARD  
BUDGETS AND AUDITS COMMITTEE

---

SUBJECT: 2001/2002 Budget Status Update

ITEM NUMBER: 5

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: October 11, 2001

INFORMATIONAL:     

PRESENTER: Peggy Plett

---

When the 2001/2002 budget was developed, staff made several assumptions and estimates based upon the data available. However, there are current year funding issues that were unanticipated and for which there are insufficient funds to meet these needs. The reasons for these unexpected costs are a result of not realizing the full impact of Teale Data Center costs under START production, the costs of implementing legislation and maintaining current service levels. The estimated costs of these items are as follows:

	<u>Anticipated Need</u>	<u>Budgeted</u>	<u>Difference</u>
Teale Data Center	\$8,300,000	2,800,000	-5,500,000
START II	\$1,300,000	-0-	-1,300,000
Corporate Imaging	\$1,000,000	3,000,000	+2,000,000
START Maintenance/CIR's	\$1,250,000	-0-	-1,250,000
AB 1509 DBS	\$1,230,000	1,230,000	-0-
SB499 (ROP/2700)	\$ 750,000	1,000,000	+ 250,000
Maintain Service Levels	<u>\$ 750,000</u>	<u>-0-</u>	<u>- 750,000</u>
	\$14,580,000	\$8,030,000	\$ -6,550,000

Staff currently estimates the need for additional funding in the amount of \$6,550,000.

Various options such as reviewing the 2000/2001 carryover and redirecting existing resources (including Budget Change Proposals) to reduce the need were reviewed. Our conclusion is that there are not sufficient funds to meet our obligations for this fiscal year within the current budget authority. Note, in 2000-2001 implementation of the Corporate imaging project was delayed and the BCP funds approved for that project redirected to meet unanticipated Teale Data Center costs.

Staff proposes that we submit a Deficiency Augmentation request to the Legislature for additional budget authority. Given existing budget language and State policy, the Deficiency Augmentation would be the only means available to augment our current year budget. Staff reviewed various options, each of which assumes a deficiency be submitted

and recommends these options be considered in determining the amount of the deficiency request:

1. Redirect \$2,000,000 of the Corporate Imaging BCP toward reducing the Deficiency Augmentation request – the estimated need would be \$6,550,000.
2. Redirect the entire Corporate Imaging BCP toward reducing the Deficiency Augmentation request – the estimated need would be \$5,550,000.
3. Request for the full amount of the Deficiency – the estimated need would be \$8,500,000.

Staff requests that the Board authorize us to proceed with the Deficiency Augmentation process. Staff will then present a final proposal for consideration in February, at which time we expect to have a final cost for the deficiency.

Attached for your review is the expenditure report for the month of August 2001.

STATE TEACHERS' RETIREMENT SYSTEM  
MONTHLY BUDGET REPORT

2001/2002 FISCAL YEAR  
August 31, 2001

September 19, 2001

	BUDGET ALLOTMENT	YEAR TO DATE EXPENDITURES	YEAR TO DATE ENCUMBRANCES	REMAINING BALANCE	REMAINING PERCENT
PERSONAL SERVICES					
Salaries & Wages	\$26,611,140.00	\$3,756,934.11	\$0.00	\$22,854,205.89	85.88%
Staff Benefits	\$4,875,399.00	\$752,345.67	\$0.00	\$4,123,053.33	84.57%
TOTAL PERSONAL SERVICES	\$31,486,539.00	\$4,509,279.78	\$0.00	\$26,977,259.22	85.68%
OPERATING EXPENSES & EQUIPMENT					
General Expense	\$6,222,871.00	\$83,246.61	\$368,052.32	\$5,771,572.07	92.75%
Printing	\$1,405,200.00	\$17,352.51	\$108,442.91	\$1,279,404.58	91.05%
Communications	\$810,200.00	\$50,032.10	\$5,800.00	\$754,367.90	93.11%
Postage	\$795,100.00	\$195,309.26	\$3,681.94	\$596,108.80	74.97%
Insurance	\$11,000.00	\$26.61	\$0.00	\$10,973.39	99.76%
Travel In-State	\$329,200.00	\$4,519.20	\$0.00	\$324,680.80	98.63%
Travel Out-of-State	\$69,000.00	\$2,993.88	\$0.00	\$66,006.12	95.66%
Training	\$385,500.00	\$2,026.85	\$0.00	\$383,473.15	99.47%
Facilities	\$3,599,100.00	\$784,846.65	\$2,396,995.95	\$417,257.40	11.59%
C. & P.S.-Interdepartmental	\$1,142,500.00	\$0.00	\$969,120.00	\$173,380.00	15.18%
C. & P.S.-External	\$4,074,900.00	\$18,802.81	\$1,136,891.25	\$2,919,205.94	71.64%
Consol. Data Svc. (Teale)	\$2,927,900.00	\$0.00	\$20,000.00	\$2,907,900.00	99.32%
Data Processing	\$3,926,600.00	\$74,848.47	\$2,033,188.39	\$1,818,563.14	46.31%
Pro Rata	\$1,571,287.00	\$392,821.75	\$0.00	\$1,178,465.25	75.00%
Equipment	\$961,200.00	\$0.00	\$12,817.23	\$948,382.77	98.67%
Other Items of Expense	\$7,000.00	\$31.39	\$0.00	\$6,968.61	99.55%
TOTAL O.E. & E.	\$28,238,558.00	\$1,626,858.09	\$7,054,989.99	\$19,556,709.92	69.26%
TOTAL PERS. SER. & O. E. & E.	\$59,725,097.00	\$6,136,137.87	\$7,054,989.99	\$46,533,969.14	77.91%
REIMBURSEMENTS					
ED. CODE 22954 -SBMA-	(\$339,000.00)	\$0.00	\$0.00	(\$339,000.00)	100.00%
	(\$63,000.00)	\$0.00	\$0.00	(\$63,000.00)	100.00%
TOTAL STRS	\$59,323,097.00	\$6,136,137.87	\$7,054,989.99	\$46,131,969.14	77.76%